

WATER PROJECT AGREEMENT

THIS WATER PROJECT AGREEMENT made and entered into this 23rd day of September, 1974, by and between THE CITY OF ELGIN, OREGON, a municipal corporation, hereinafter designated as City, and BOISE CASCADE CORPORATION, a Delaware corporation, hereinafter designated as Corporation.

R E C I T A L S:

1. The legal voters of the City, at a special election held February 26, 1974, authorized the City to issue and sell water bonds in the principal sum of \$600,000.00 for the purpose of acquiring, constructing and installing improvements and additions to its water system.

2. The Corporation desires to upgrade and improve its water system used for fire-fighting purposes at its plant located near Elgin, Oregon.

3. For the consideration from the Corporation hereinafter stated, City will design and construct the improvements to the Corporation's water system on the terms and conditions herein specified.

NOW, THEREFORE, IT IS AGREED as follows:

Section 1: BASIC SERVICES.

1.1 City agrees to design and construct in conjunction with certain construction work to be done on its municipal water system a water supply and distribution system, hereinafter referred to as the "System", which will provide

water for the Corporation's fire system, which shall include, but not be limited to, a 1 million gallon reservoir on the real property described in Exhibit "C" attached hereto, the deep water well now existing on the real property described in Exhibit "B" attached hereto, such connecting water lines as may be necessary between the aforementioned water sources and the Corporation's Elgin, Oregon, mill, a water line around the south and east sides of the Corporation's log yard which shall be 14" in diameter along the south side and 12" in diameter along the east side; a 10-inch water pipeline on the west side of the Corporation's plywood plant; a 10-inch water pipeline from the City's 14-inch transmission over to the Corporation's existing 8-inch line which runs to the east of the yard pond, 16 fire hydrants at various locations, and 6 valves at various locations. The System shall be designed and built in accordance with Exhibit "A" attached hereto and incorporated herein by this reference, which is a map prepared by Stephan C. Anderson and Associates of LaGrande, Oregon, entitled "City of Elgin, Water System Improvements, Transmission Line & Boise Cascade Fire Line - Proposed", dated July, 1974.

1.2 The City shall engage an engineer to design and prepare plans and specifications for the System. Said plans and specifications shall be subject to the approval of the

Corporation. The System as constructed by the City shall provide water pressures and volumes as follows:

(a) 1,500 Gallons Per Minute (GPM) from the primary source which shall be the 1,000,000 gallon reservoir referred to above. Static pressure of 100 pounds per square inch (PSI) shall be maintained on this primary source; and

(b) 1,500 GPM from the secondary source which shall be the deep water well on the property described in Exhibit "E" of this Agreement. Static pressure of 100 PSI shall be maintained on this secondary source.

(c) During a fire emergency the System as constructed by the City shall deliver a total flow of 3,000 GPM with a residual pressure of at least 40 PSI in the cast iron mains.

1.3 If at any time after construction of the system the Corporation or its insurer shall at some later date require a change in the System from the design contemplated by this Agreement, the City shall construct such changes and the Corporation shall pay the City its actual construction costs plus 10% to cover the additional engineering and construction costs; provided that the Corporation shall have the right to make any such changes itself or to contract with some third party to make the changes.

1.4 Upon completion of the System, the Corporation shall have the right to draw all water it may need for fire fighting purposes from the System at no charge. The

Corporation shall be billed at the same rate as other users for all other water drawn from the System.

Section 2: OBLIGATIONS OF THE CORPORATION

In consideration of the City's designing and constructing the System for the Corporation, the Corporation agrees to do the following:

2.1 The Corporation shall convey the real property described in the draft deed attached hereto as Exhibit "B" to the City subject to the reservations, terms and conditions stated therein. Said conveyance shall be by deed identical in form and substance to Exhibit "B".

2.2 The Corporation shall convey the real property described in the draft deed attached hereto as Exhibit "F" to the City, subject to the reservations, terms and conditions stated therein. Said conveyance shall be by deed identical in form and substance to Exhibit "C".

2.3 The Corporation shall convey an easement over and across the real property as described in the draft easement attached hereto as Exhibit "D" to the City, subject to the reservations, terms and conditions contained therein. Said easement shall be conveyed by document identical in form and substance to Exhibit "D".

2.4 The Corporation shall convey an easement over and across the real property described in the draft easement attached hereto as Exhibit "E" to the City, subject to the

reservations, terms and conditions contained therein. Said easement shall be conveyed by document identical in form and substance to Exhibit "E".

2.5 All reservations, terms and conditions contained in the aforementioned Exhibits "B", "C", "D", and "E" which, by their terms, obligate the City or the Corporation to perform some act or refrain from performing some act, or grant the City or the Corporation any right or power, other than the primary property rights to be transferred upon execution of said exhibits, shall be incorporated by this reference as a part of this Agreement with the same force and effect as if they were set out at length at this point.

2.6 Upon completion of the System the Corporation shall convey to the City all of its rights to the existing diesel motor which currently functions as a standby power source for the well situated on the real property described in Exhibit "B". The City shall immediately incorporate said motor into the System and the City shall maintain said motor in a manner and to an extent deemed necessary by the Corporation.

2.7 The Corporation shall pay to the City the sum of \$158,060.00. Such sum shall be paid by monthly progress payments during the course of construction of the System. Progress payments shall be made as follows: The City shall deliver to Corporation on or before the 5th of each month an

invoice showing the percentage of the System on which they have completed construction during the preceding month and a calculation of the total amount which they have earned which shall be determined by applying the percentage of the System completed during the prior month to the sum of \$158,060.00. Prior to the 15th day of the month, Corporation shall have performed such inspection as it deems necessary to verify that such percentage of the work has in fact been completed in a manner which meets with the requirements of this Agreement and the exhibits attached hereto.

If the result of such inspection is satisfactory to Corporation it shall pay the City on or before the 20th of the month the sum requested in the invoice less a 10% retainage. All sums so retained shall be held by the Corporation until the City notifies the Corporation that the System is complete, at which time the Corporation shall make a final inspection and if the work is satisfactory shall pay all retained sums to the City.

Section 3: DESIGN PHASE OF THE PROJECT

3.1 The description of the Project contained in Section 1 of this Agreement is not intended to function as detailed specifications sufficient to allow construction of the System. City will obtain appropriate engineering services to prepare a detailed design of the System.

3.2 All preliminary and final designs prepared by the

engineer for the System shall be submitted by the City to the Corporation, who in turn may submit such documents to its insurer for approval. Every effort shall be made by the Corporation to evaluate any plans or specifications within 30 days after the receipt thereof.

3.3 The City shall select a contractor for this project. Said contractor for this project will not be authorized by the City to proceed with construction in accordance with the final design documents until approval of such documents has been received by the City from the Corporation. This clause does not alter the provisions hereinabove contained relating to additional cost to the Corporation for requiring work beyond the System which is generally described in Section 1 of this Agreement.

Section 4: CONSTRUCTION PHASE OF THE PROJECT

4.1 The City shall begin actual construction of the System on some date after January 1, 1975 and not later than December 31, 1975. The System shall be completed by December 31, 1976.

4.2 The City, its engineer and contractor, and the Corporation shall cooperate with each other in an effort to arrange a mutually satisfactory construction schedule which will minimize interference with the Corporation's operations and provide for construction of the System in an efficient and expeditious manner. At no time shall the Corporation be

left without a water supply sufficient to meet its potential emergency fire fighting needs.

4.3 The City shall carry and require all parties with whom it contracts for construction of the System, insurance coverage of the following kinds and amounts:

- | | | | |
|-----|---|---|--|
| (a) | Workmen's Compensation | - | Statutory Coverage |
| (b) | Employers Liability | - | \$250,000.00 |
| (c) | Contractors Comprehensive General Liability Insurance with no XCU exclusion | - | \$250,000.00 each person injured
\$500,000.00 all persons injured each accident
\$250,000.00 property damage each accident
\$500,000.00 aggregate |
| (d) | Casualty Insurance (to be carried by City or its Contractor). The City or Contractor shall be loss payee as trustee for the Corporation, City and Contractor as their interests may appear. | - | 100% of insurable value of the system |

The Corporation shall have the right to require City or its contractor to deliver certificates evidencing such insurance to Corporation prior to the beginning of construction. Such certificates shall provide that the policies they refer to shall not be terminated without 15 days' prior notice to the Corporation.

4.4 The City shall insure, indemnify and defend the Corporation against any expenses, damages, loss, injury,

or any claim of damage, injury, loss or liability, or any cause of action or law suit asserted against Corporation by any third party by reason of construction of the System by the City, its agents, employees or independent contractors.

Section 5: RISK OF LOSS, MAINTENANCE AND REPAIRS

5.1 Prior to completion and final acceptance of the system, the City shall have the risk of loss of the entire System. At all times after final completion and acceptance of the System, risk of loss for that portion of the System which is located on Corporation property shall be with the Corporation and risk of loss for the remainder of the System shall be with the City. Title to the portions of the System located on the land of Corporation shall pass to the Corporation upon completion and acceptance of the System.

5.2 Maintenance and repair responsibility shall be distributed between the City and the Corporation in the same manner as risk of loss.

Section 6: OWNERSHIP OF DOCUMENTS

As plans, specifications and other design documents are completed by the engineers, the Corporation shall receive a copy of each such document which relates to any portion of the System. All of said plans, specifications and other design documents shall be the joint property of City and Corporation. All other plans, specifications and other design documents shall be the property of the City.

Section 7: TERMINATION

7.1 If the City shall fail to comply with any of its obligations under this Agreement the Corporation shall give the City notice of the default by registered mail delivered to The Office of the Mayor, City of Elgin, Elgin, Oregon, and the City shall have 25 days in which to cure said default. If the City fails to cure said default the Corporation may at its option order the City's contractor to halt work on the System until the default is cured, or it may terminate this Agreement, complete the System, and charge the City for any costs it incurs in excess of the \$158,060.00 less progress payments previously made to the City. The City shall provide in its agreement with its contractor for the Corporation's power to exercise the above remedies.

7.2 In the event that the Corporation fails to comply with its obligations under this Agreement, the City shall give the Corporation notice by registered mail addressed to:

Boise Cascade Corporation
Wood Products Division
P. O. Box 610
LaGrande, Oregon 97850

Attention: Mr. John Reed

cc: Boise Cascade Corporation
Legal Department
P. O. Box 50
Boise, Idaho 83728

Corporation shall have 25 days in which to cure said default. If the Corporation fails to cure said default the

City may, at its option, halt work on the System or any part thereof until the default is cured, or complete the System and charge the Corporation for all loss or damage which the City has incurred by reason of the Corporation's default.

7.3 The remedies granted to the parties by this Section are not exclusive and shall be in addition to all other remedies the parties may have for breach of this Agreement under relevant law.

Section 8: MISCELLANEOUS PROVISIONS

8.1 In the event it is necessary for an action at law or suit in equity to be brought to establish, obtain or enforce any right by either of the parties under this Agreement, or in event of appeal from judgment or decree therein, then the prevailing party in such action or suit, or on such appeal, shall be entitled to a reasonable attorney's fee allowance, as well as the costs and disbursements of the action or suit or appeal.

8.2. No waiver of a breach of any covenant, term or condition of this Contract shall operate as a waiver of any other or subsequent breach of the same, or any other covenant, term or condition, or as a waiver of the covenant, term or condition itself.

8.3 The covenants, conditions and terms of this Agreement shall extend to and be binding upon and inure to the benefit of the successors and assigns of the parties hereto.

IN WITNESS WHEREOF, the City of Elgin, Oregon, a municipal corporation, pursuant to a Resolution of its City Council duly and legally adopted, and Boise Cascade Corporation, a Delaware corporation, have caused this Agreement to be executed the day and year first above written and their corporate seals to be hereto affixed.

CITY OF ELGIN

ATTEST:

By Warren Stein, Manager

Ron Scouber, City Recorder

BOISE CASCADE CORPORATION

ATTEST:

John M. [Signature]
Assistant Secretary

By [Signature]
EXECUTIVE Vice President

STATE OF IDAHO)
County of Ada) ss.

On the 23rd day of September, 1974, personally appeared John H. Miller and J. P. Bergwardt, the Executive Vice President and Assistant Secretary, respectively, of Boise Cascade Corporation, who, being duly sworn, did say that this instrument was voluntarily signed in behalf of the Corporation by authority of its Board of Directors.

Before me:

Mendel J. Winder
NOTARY PUBLIC for Idaho

My Commission expires: 1/25/76

Until a change is requested, all tax statements shall be sent to:

City Recorder
Elgin, Oregon 97827

STATE OF OREGON)
County of Elgin) ss.

On the ____ day of _____, 1974, personally appeared _____ and _____, the _____ and _____, respectively, of THE CITY OF ELGIN, OREGON, who, being duly sworn, did say that this instrument was voluntarily signed in behalf of the City by authority of its City Council.

Before me:

NOTARY PUBLIC for Oregon
My Commission expires: _____

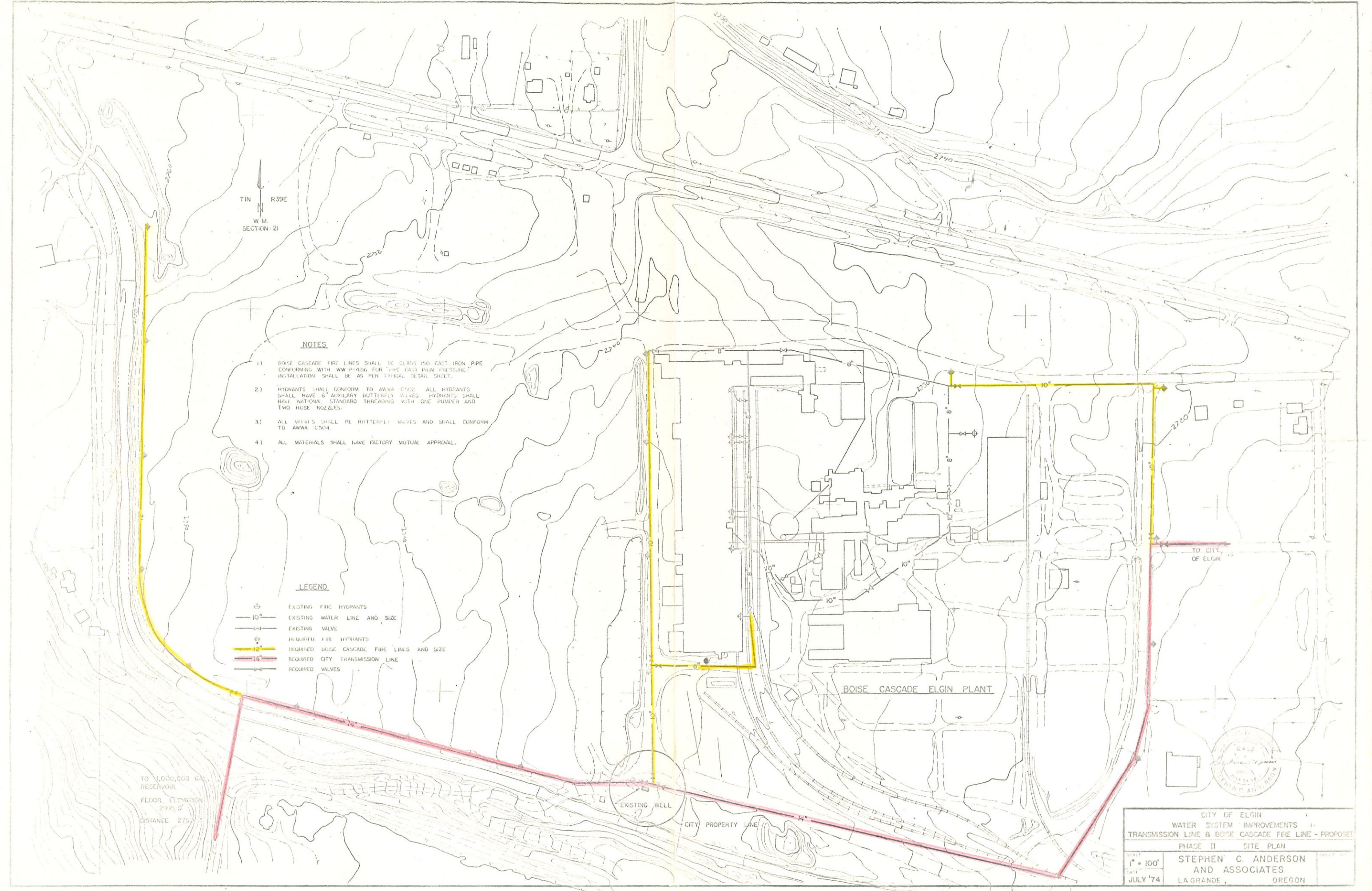


EXHIBIT "B"

DEED

BOISE CASCADE CORPORATION, a Delaware corporation, "Grantor", conveys and warrants to THE CITY OF ELGIN, OREGON, a municipal corporation, "Grantee", the following described real property, together with the well and all other improvements located thereon:

A parcel of land 200 feet in diameter whose center is an existing well, said well being 4,226.46 feet, north 68° 02'03" West from the south quarter corner of Section 15, Township 1, North, Range 39 East, Willamette Meridian.

Situate in Union County, Oregon.

The terms of this conveyance are as follows:

(1) Grantor reserves the right in perpetuity to use water from the well located on the above-described real property at no cost to it for fighting fires at the Grantor's plant near Elgin, Oregon, and for periodic flushing of fire hydrants. All other uses of water from said well by Grantor shall be metered and paid for by Grantor in accordance with the water rate schedule set forth in the ordinances of Grantee.

(2) Grantor reserves the right in perpetuity to use the real property above described and surrounding the well located thereon, provided:

(a) Such use of the real property shall not unreasonably interfere with the Grantee's use of the

property as a well site; and

(b) Such use of the real property shall not result in or create a sanitary hazard as determined by the Department of Human Resources, Health Division, of the State of Oregon.

(3) Grantor grants to Grantee a non-exclusive easement over and across roads on the surrounding real property of Grantor for ingress and egress from the real property above described and the well located thereon.

(4) This grant is subject to all easements, restrictions, encumbrances and liens of record.

(5) The consideration for this conveyance is other value given or promised.

DATED this ____ day of _____, 1974.

BOISE CASCADE CORPORATION

ATTEST:

By _____
Vice President

Assistant Secretary

STATE OF IDAHO)
) ss.
County of)

On the ____ day of _____, 1974, personally
appeared _____ and
_____, the _____
_____ and _____,
respectively, of Boise Cascade Corporation, who, being duly
sworn, did say that this instrument was voluntarily signed
in behalf of the Corporation by authority of its Board of
Directors.

Before me:

NOTARY PUBLIC for Idaho
My Commission expires: _____

Until a change is requested, all tax statements shall be sent
to:

City Recorder
Elgin, Oregon 97827

EXHIBIT "C"

DEED

BOISE CASCADE CORPORATION, a Delaware corporation,
"Grantor", conveys and warrants to THE CITY OF ELGIN, OREGON,
a municipal corporation, "Grantee", the following described
real property:

Beginning at a point which is 5,879.53 feet south
84° 41' 24" West from the South quarter corner of
Section 15, Township 1 North, Range 39 East,
Willamette Meridian; thence north 80° 40' 11"
west, 300 feet; thence South 9° 19' 49" West, 300
feet; thence South 80° 40' 11" East, 300 feet;
thence North 9° 19' 49" East, 300 feet to the
point of beginning.

SITUATE in Union County, Oregon.

The terms of this conveyance are as follows:

(1) Grantor reserves the right to use water from the
reservoir located on the above-described property at no cost
to it to use in fighting fires at the Grantor's plant near
Elgin, Oregon, and for period flushing of fire hydrants. All
other uses of the water from said well by Grantor shall be
metered and paid for by Grantor in accordance with the water
rate schedule set forth in the ordinances of Grantee.

(2) This grant is made subject to all easements, re-
strictions, encumbrances and liens of record.

(3) The consideration for this conveyance is other
value given or promised.

DATED this ____ day of _____, 1974.

BOISE CASCADE CORPORATION

ATTEST:

Assistant Secretary

By _____
Vice President

STATE OF IDAHO)
) ss.
County of)

On the ____ day of _____, 1974, personally
appeared _____ and
_____, the _____
and _____,
respectively, of Boise Cascade Corporation, who, being duly
sworn, did say that this instrument was voluntarily signed
in behalf of the Corporation by authority of its Board of
Directors.

Before me:

NOTARY PUBLIC for Idaho
My Commission expires: _____

Until a change is requested, all tax statements shall be sent
to:

City Recorder
Elgin, Oregon 97827

EXHIBIT "D"

EASEMENT

THIS EASEMENT, dated this _____ day of _____, 19____, from BOISE CASCADE CORPORATION, a Delaware corporation (hereinafter "Grantor"), to THE CITY OF ELGIN, OREGON, a municipal corporation (hereinafter "Grantee");

W I T N E S S E T H:

GRANTOR, for and in consideration of the sum of Ten Dollars (\$10.00) and other good and valuable consideration, receipt and legal sufficiency of which is hereby acknowledged, does hereby grant to Grantee a perpetual nonexclusive easement to construct and maintain a road located on the following described lands in the County of Union, State of Oregon, to-wit:

A strip of land 25 feet on either side of the following described center line: Beginning at a point which is 63 feet north 9° 19' 49" east from the southwest corner of the following described real property:

Beginning at a point which is 5,879.53 feet south 84° 41' 24" West from the south quarter corner of Section 15, Township 1 North, Range 39 East, Willamette Meridian; thence north 80° 40' 11" west, 300 feet; thence south 9° 19' 49" west, 300 feet; thence south 80° 80' 11" east, 300 feet; thence north 9° 19' 49" east, 300 feet to the point of beginning (hereinafter "Benefited Parcel").

thence north 52° 40' 11" west, 120 feet plus or minus to the west line of an existing road.

This Easement is made subject to the following terms, provisions and conditions applicable to Grantee, its permittees, contractors and assigns:

(a) Except as herein limited, Grantee shall have the right to use the road on the premises for all purposes deemed necessary or desirable by Grantee in connection with the protection, administration, management and utilization of a reservoir to be constructed on the Benefited Parcel, subject to such traffic control regulations and rules as Grantor may reasonably impose upon or require of other users of the road.

(b) The costs of road maintenance shall be borne by the Grantee.

(c) Grantee agrees to assume all risk of, and indemnify and hold harmless, and at Grantee's expense, defend Grantor from and against any claim, legal action, loss, cost, expense or liability on account of personal injury to or death of any person whomsoever, including but not limited to employees of Grantor, or damage to or destruction of property to whomsoever belonging, including but not limited to property of Grantor, or any fire whatsoever arising from or out of, partly or wholly, directly or indirectly, the existence of or the Grantee's exercise of the rights herein granted; provided, however, that Grantee's undertaking herein contained shall not be construed as covering personal injury to or death of employees of Grantor, or damage to or destruction of property of Grantor, resulting from the sole negligence of Grantor.

(d) Grantor agrees that it will use reasonable care in conducting its operations on said easement; however, it is expressly agreed by Grantee that if damage to Grantee's property should result from such operations on the part of Grantor, its agents, contractors, licensees, permittees, successors or assigns, Grantor, its agents, contractors, licensees, permittees, successors or assigns shall not be held liable therefor.

(e) Grantee agrees before using any of said roads on the lands of the Grantor to obtain and during the term of such use maintain a policy of liability insurance in a form generally acceptable in the trade and customary in the area of said easement, insuring against liability arising out of or connected with its operations, including use of vehicles. Minimum amounts of insurance shall be \$100,000 for injury to one person, \$300,000 for any one occurrence and \$100,000 property damage for any one occurrence, or such other limits as the parties hereto may agree upon in writing from time to time. Grantee shall deliver to Grantor a certificate from the insurer certifying that coverage in not less than the above named amounts is in force.

This Easement is granted subject to the following reservations by Grantor, for itself, its permittees, contractors, assigns and successors in interest:

(a) The right, without cost, to use, cross and recross

the easement and the road at any place along said road by any reasonable means and for any purpose and in such manner in connection with the protection, administration, management, and utilization of Grantor's lands or resources, now or hereafter owned or controlled by it.

(b) The right to use the road for all purposes deemed necessary or desirable by Grantor in connection with the protection, administration, management and utilization of Grantor's lands or resources, now or hereafter owned or controlled by it, provided, however, that the right to use the road for the purpose of operating and moving specialized logging vehicles or other equipment shall not be restricted.

(c) The right to all timber now or hereafter located or growing upon the easement, subject to Grantee's right to cut such timber.

Grantee shall have the right to cut timber upon the premises to the extent necessary for constructing, reconstructing, and maintaining the road. Timber so cut shall, unless otherwise agreed to, be cut into logs of lengths specified by Grantor and decked along the road for disposal by Grantor.

(d) The right to require any user of the road for commercial or heavy hauling purposes to post security guaranteeing performance of such user's obligations with respect to maintenance of the road and with respect to payment of any charges hereinbefore stated as payable to Grantor for use of the road.

Grantee shall not cause this Easement to be assigned without the prior written consent of Grantor having been first obtained.

If Grantee shall breach any of the conditions contained in this Easement, and if such breach is continued for a period of ninety (90) days after written notice thereof is given to Grantee by Grantor, its successors or assigns, or if Grantee shall at any time hereafter fail to use the within premises for the purposes stated herein for a period of five (5) years, then and in that event at the option of Grantor, its successors or assigns, this Easement shall automatically terminate.

IN WITNESS WHEREOF, the parties hereto have executed this instrument on the day and year first hereinabove written.

BOISE CASCADE CORPORATION

ATTEST:

By _____
Vice President

Assistant Secretary

CITY OF ELGIN, OREGON

ATTEST:

By _____

STATE OF IDAHO)
) ss.
County of)

On the ____ day of _____, 1974, personally
appeared _____ and
_____, the _____
and _____,
respectively, of Boise Cascade Corporation, who, being duly
sworn, did say that this instrument was voluntarily signed
in behalf of the Corporation by authority of its Board of
Directors.

Before me:

NOTARY PUBLIC for Idaho
My Commission expires: _____

Until a change is requested, all tax statements shall be sent
to:

City Recorder
Elgin, Oregon 97827

STATE OF OREGON)
) ss.
County of Elgin)

On the ____ day of _____, 1974, personally
appeared _____ and
_____, the _____
and _____,
respectively, of THE CITY OF ELGIN, OREGON, who, being duly
sworn, did say that this instrument was voluntarily signed
in behalf of the City by authority of its City Council.

Before me:

NOTARY PUBLIC for Oregon
My Commission expires: _____

EXHIBIT "E"

EASEMENT

THE UNDERSIGNED, BOISE CASCADE CORPORATION (hereinafter "Grantor"), hereby grants to THE CITY OF ELGIN, OREGON, a municipal corporation (hereinafter "Grantee"), its successors and assigns, a permanent right-of-way and easement to construct, reconstruct, operate, repair and maintain utility pipelines and all necessary related facilities over, across and under a strip of land 7.5 feet on either side of the following described centerline:

Beginning at a point which is 4,324.70 feet north 68° 17' 45" west from the south quarter corner of Section 15, Township 1 North, Range 39 East, Willamette Meridian, thence along the centerline of said easement line:

south 87° 54' 09" west, 81.0 feet; thence north 75° 18' 46" west, 881.50 feet; thence south 11° 40' 24" west, 621.57 feet; thence south 34° 24' 01" west, 415.18 feet; thence south 41° 01' 06" west, 254.79 feet; thence south 30° 47' 54" west, 110.0 feet; thence south 17° 44' 45" west, 109.08 feet; thence south 7° 06' 49" west, 317.88 feet; thence south 3° 34' 34" west, 158.04 feet; thence south 41° 28' 14" west, 57.01 feet; thence south 69° 27' 14" west, 97.0 feet; thence south 31° 01' 23" west, 181.92 feet; to a point on the north line of the reservoir site.

SITUATE in Union County, Oregon.

TO HAVE AND TO HOLD THE ABOVE EASEMENT unto said Grantee, its successors and assigns forever.

IN ADDITION THERETO, the Grantor does hereby give unto the Grantee an easement over, upon, across and under a strip

of land 12.5 feet on either side of the above-described centerline for construction of said utility pipelines, with appurtenances convenient thereto. This easement is not permanent, however, but exists only for the period of construction of said lines.

The Grantee shall fill all excavations as soon as practicable after opening; dispose of all brush and debris; and replace in like condition all improvements, trees, ornamental shrubs and crops, if practicable, and as soon as practicable after damage or destruction, but if not practicable then pay to Grantor, its successors and assigns, the reasonable value thereof.

Grantee shall have the right, at its own expense, to cut down and remove or otherwise dispose of, and keep cut down and dispose of, all trees and other vegetation on said easement, provided that all merchantable timber so cut down shall remain the property of Grantor, shall be bucked by Grantee into lengths specified by Grantor, and shall be piled, all at Grantee's own expense, along the nearest logging road in such a fashion that Grantor may there conveniently load the said logs onto log trucks. Grantee, at its own expense, shall dispose of all slash and other debris occasioned by the cutting and removal of said trees and other vegetation and in so doing shall fully comply with all state and federal laws and regulations with respect to such disposal.

Grantor reserves the right to use the surface of the land for walkways, driveways, planting, or any other business purpose, and all utility pipeline facilities shall be at a depth consistent with such purpose.

Grantee agrees to assume all risk of, and indemnify and hold harmless, and at Grantee's expense, defend Grantor from and against any claim, legal action, loss, cost, expense or liability on account of personal injury to or death of any person whomsoever, including but not limited to employees of Grantor, or damage to or destruction of property to whomsoever belonging, including but not limited to property of Grantor, or any fire whatsoever arising from or out of, partly or wholly, directly or indirectly, the existence of or the Grantee's exercise of the rights herein granted; provided, however, that Grantee's undertaking herein contained shall not be construed as covering personal injury to or death of employees of Grantor, or damage to or destruction of property of Grantor, resulting from the sole negligence of Grantor.

Grantee agrees before using any of said roads on the lands of the Grantor to obtain and during the term of such use maintain a policy of liability insurance in a form generally acceptable in the trade and customary in the area of said easement, insuring against liability arising out of or connected with its operations, including use of vehicles. Minimum amounts of insurance shall be \$100,000 for injury to

one person, \$300,000 for any one occurrence and \$100,000 property damage for any one occurrence, or such other limits as the parties hereto may agree upon in writing from time to time. Grantee shall deliver to Grantor a certificate from the insurer certifying that coverage in not less than the above-named amounts is in force.

Grantor agrees that it will use reasonable care in conducting its operations on said easement; however, it is expressly agreed by Grantee that if damage to Grantee's utility pipeline or any of its other property should result from such operations on the part of Grantor, its agents, contractors, successors or assigns, Grantor, its agents, contractors, successors or assigns shall not be held liable therefor.

If Grantee shall breach any of the conditions contained in this Easement, and if such breach is continued for a period of ninety (90) days after written notice thereof is given to Grantee by Grantor, its successors or assigns, or if Grantee shall at any time hereafter fail to use the within premises for the purposes set forth in this Easement for a period of five (5) years, then and in that event, at the option of Grantor, its successors or assigns, this Easement shall automatically terminate and Grantee shall remove its property and effects from said property within sixty (60) days thereafter, or forever lose all interest in and title to said property and effects.

DATED this ____ day of _____, 1974.

BOISE CASCADE CORPORATION

ATTEST:

By _____
Vice President

Assistant Secretary

THE CITY OF ELGIN, OREGON

ATTEST:

By _____

Title _____

Title _____

STATE OF IDAHO)
) ss.
County of)

On the ____ day of _____, 1974, personally
appeared _____ and
_____, the _____
and _____,
respectively, of Boise Cascade Corporation, who, being duly
sworn, did say that this instrument was voluntarily signed
in behalf of the Corporation by authority of its Board of
Directors.

Before me:

NOTARY PUBLIC for Idaho
My Commission expires: _____

Until a change is requested, all tax statements shall be sent
to:

City Recorder
Elgin, Oregon 97827

STATE OF OREGON)
) ss.
County of Elgin)

On the ____ day of _____, 1974, personally
appeared _____ and
_____, the _____
and _____,
respectively, of THE CITY OF ELGIN, OREGON, who, being duly
sworn, did say that this instrument was voluntarily signed
in behalf of the City by authority of its City Council.

Before me:

NOTARY PUBLIC for Oregon
My Commission expires: _____